

EXHIBIT 14

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Fair Isaac Corporation, a)	
Delaware corporation,)	File No. 16-cv-1054
)	(DTS)
Plaintiff,)	
)	
vs.)	Minneapolis, Minnesota
)	December 13, 2022
Federal Insurance Company, an)	3:56 p.m.
Indiana corporation, and ACE)	
American Insurance Company, a)	
Pennsylvania corporation,)	
)	
Defendants.)	

BEFORE THE HONORABLE DAVID T. SCHULTZ
UNITED STATES DISTRICT COURT MAGISTRATE JUDGE
(MOTION HEARING)

APPEARANCES:

For the Plaintiff:

Merchant & Gould, PC
ALLEN W. HINDERAKER, ESQ.
MICHAEL A. ERBELE, ESQ.
PAIGE S. STRADLEY, ESQ.
HEATHER J. KLIEBENSTEIN, ESQ.
150 South Fifth Street
Suite 2200
Minneapolis, Minnesota 55402

For the Defendants:

O'Melveny & Myers, LLP
LEAH GODESKY, ESQ.
7 Times Square
New York, New York 10036

Fredrikson & Byron
TERRENCE J. FLEMING, ESQ.
RYAN C. YOUNG, ESQ.
200 South Sixth Street
Suite 4000
Minneapolis, Minnesota 55402

Court Reporter:

PAULA K. RICHTER, RMR-CRR-CRC
300 South Fourth Street
Minneapolis, Minnesota 55415

Proceedings reported by certified stenographer;
transcript produced with computer.

EXHIBIT

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1 to the perpetual license fee that was negotiated in 2006
2 with a very different organization.

3 In 2016, when we had the assignment event, when
4 the Chubb Corporation was acquired by a much larger
5 insurance company, there were negotiations for a perpetual
6 license that FICO premised off of a \$30 billion enterprise,
7 which was at the time of 2016. That number is in. That
8 number relates to our commercial purpose and our
9 understanding of the breach of paragraph 10.8. It also
10 relates to the license fee that we sought at that time,
11 which was also a perpetual one.

12 THE COURT: Which was what, if I might ask?

13 MR. HINDERAKER: About 3.5 million.

14 And our witnesses are going to have to answer the
15 question, why are you seeking \$47 million now for four years
16 of use, of unauthorized use, when you were willing to
17 negotiate a perpetual license for three and a half million?
18 And we will answer that. We will answer that to the -- we
19 will answer that on the primary proposition that when we
20 priced that perpetual at 3.5 million, we had a lot of other
21 value in place that we felt deserved recognition, and we
22 priced 3.5 to get that perpetual business relationship for
23 all of the reasons that will be described at the trial. In
24 terms of our theory of the case being honored, our witnesses
25 will explain how \$47 million for four years of unauthorized

1 use is reasonable in light of that perpetual negotiation.
2 They're very different.

3 Now, Judge Wright has a nice quote that also is
4 part of the answer to the question, which is not
5 acknowledged, but it is this: She was discussing the
6 evidence that's relevant to our lost license fee claim, and
7 she says, quote, at page 55 of the summary judgment order,
8 "This includes evidence of FICO's standard pricing
9 methodology and together with evidence of defendants' use of
10 Blaze Advisor."

11 So we will put in our evidence of our standard
12 pricing methodology. And we price annual license fees on a
13 standard basis much, much different than we do a perpetual,
14 for all the reasons we'll describe. And then when we put on
15 the evidence of the annual license fee per our standard
16 practices, we will, according to -- and we have to. Judge
17 Wright didn't like how we were doing it before and she says,
18 you have to look at the objective evidence of how the
19 defendants are using the software. And we will do that for
20 the lost license fee. And one thing I do agree with is that
21 our lost license fees are application by application by
22 application.

23 So, for example, we have -- the largest annual
24 license fee that we seek for the largest application is
25 about \$630,000 for one year. The jury should hear why

1 evidence, that is, alternative products, is relevant to two
2 different legal propositions. Mr. Bakewell can testify to
3 the fact that there are products alternative to Blaze
4 Advisor as part of his lost license fee negotiation,
5 downward factor hypothetical, and it also bears on the
6 proposition of disgorgement and any contribution to revenue.

7 The other point -- another point, the law of
8 damages for infringement is it's a bit backward-looking, but
9 it's the lost -- it's the hypothetical negotiation at the
10 time of infringement for the unauthorized use. As I hear
11 counsel's argument, the proposition is that we would license
12 on a perpetual basis, ongoing business relationship basis,
13 to someone who has infringed our copyrights for four years.
14 It's a non sequitur. It's not how it works. At the time of
15 infringement, what's the value of the fee -- of the software
16 that you're using without authority.

17 And then finally, as I hear the argument, FICO
18 would be -- would not be permitted to tell the jury that its
19 lost license fee numbers are very reasonable because
20 automated decision-making with Blaze Advisor brought, in the
21 aggregate over four years, \$35 billion worth of value
22 through this company -- or these companies. That's fair
23 that we be able to do that. \$47 million is not a huge
24 percentage of that number, but it aligns with how we license
25 and the value that the software gives.